

**WATERWORKS DISTRICT 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana**

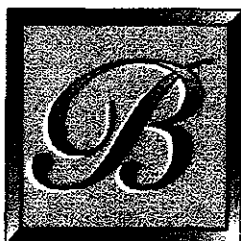
**Financial Statements
April 30, 2006 and 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-8-06

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 6
Balance Sheets	7 - 8
Statements of Revenues, Expenses, and Changes in Net Assets	9
Statements of Cash Flows	10 - 11
Notes to Financial Statements	12 - 18
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	19 - 20
Schedule of Findings and Questioned Costs	21



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana
Westlake, Louisiana

We have audited the financial statements of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, a component unit of the Calcasieu Parish Police Jury, as of and for the years ended April 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, as of April 30, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurements and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2006 on our consideration of Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Breussard & Company

Lake Charles, Louisiana
October 13, 2006

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2006**

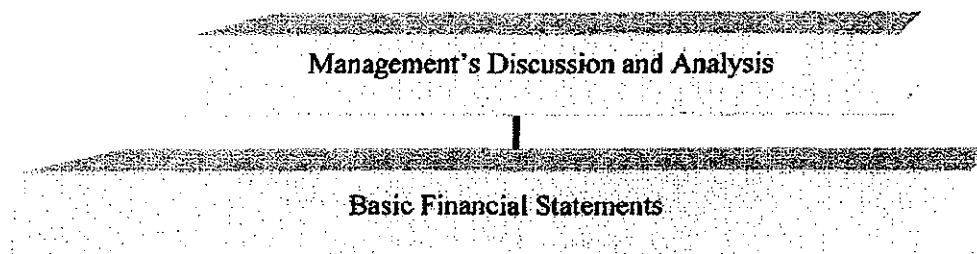
The Management's Discussion and Analysis of the Waterworks District No. 4 of Ward 4 of Calcasieu Parish, Louisiana's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended April 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

- ★ The District's assets exceeded its liabilities at the close of fiscal year 2006 by \$1,004,262 which represents a 30% increase from last fiscal year. Of this amount, \$443,260 (unrestricted net assets) may be used to meet the District's ongoing obligations to its users.
- ★ The District's operating revenue increased \$21,791 (or 4.2%) and the net results from activities decreased by \$3,614.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2006**

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance Sheet (pages 7 - 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 9) presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement (pages 10 - 11) presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	2006	2005	2004
Current and other assets	\$ 608,889	\$ 524,459	\$ 442,473
Capital assets	839,969	766,359	692,407
Total assets	<u>\$ 1,448,858</u>	<u>\$ 1,290,818</u>	<u>\$ 1,134,880</u>
Other liabilities	\$ 113,045	\$ 118,059	\$ 102,561
Long-term debt outstanding	331,551	400,000	474,447
Total liabilities	<u>444,596</u>	<u>518,059</u>	<u>577,008</u>
Net assets:			
Invested capital assets, net of debt	508,418	366,359	217,960
Restricted	52,584	52,687	38,446
Unrestricted	443,260	353,713	301,466
Total net assets	<u>1,004,262</u>	<u>772,759</u>	<u>557,872</u>
Total liabilities and net assets	<u>\$ 1,448,858</u>	<u>\$ 1,290,818</u>	<u>\$ 1,134,880</u>

Restricted net assets represent those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net assets are those that do not have any limitations for which these amounts may be used.

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2006**

Net assets of the District increased by \$231,503, or 30%, from April 30, 2005 to April 30, 2006.

	2006	2005	2004
Operating revenues	\$ 543,913	\$ 522,122	\$ 442,632
Operating expenses	(462,486)	(437,081)	(520,305)
Operating income (loss)	81,427	85,041	(77,673)
Non-operating revenues (expenses)	150,076	129,846	53,024
Net increase (decrease) in net assets	\$ 231,503	\$ 214,887	\$ (24,649)

The District implemented water rate increases effective May 1, 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of April 30, 2006, the District had \$839,969, net of accumulated depreciation, invested in a broad range of capital assets, including land, plant and distribution system, and furniture, fixtures, and equipment. (See Table below). This amount represents a net increase (including additions and deductions) of \$73,610, or 9.6%, over last year.

	2006	2005	2004
Land and Right of Ways	\$ 8,857	\$ 8,857	\$ 8,857
Plant and Distribution System	1,785,890	1,731,232	1,627,261
Furniture, Fixtures, and Equipment	136,143	70,960	66,823
Construction in Progress	7,289	-	-
Less Accumulated Depreciation	(1,098,210)	(1,044,690)	(1,010,534)
Totals	\$ 839,969	\$ 766,359	\$ 692,407

This year's major capital additions included above were:

- Generator System \$ 67,275
- Water Line Upgrade Projects \$ 54,658

Debt

The District had \$331,551, \$400,000 and \$474,447 in bonds outstanding as of April 30, 2006, 2005, and 2004, respectively. This is a decrease of 17.1% and 15.7% for the fiscal years ended 2006 and 2005, respectively.

The District's Series 1972 Revenue bonds are un-rated.

**WATERWORKS DISTRICT NO. 4 OF WARD 4
OF CALCASIEU PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF APRIL 30, 2006**

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Colleen Matte, Office Manager, Waterworks District No. 4 of Ward 4 of Calcasieu Parish.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA**Westlake, Louisiana****Balance Sheets****As of April 30,**

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 58,405	\$ 39,731
Certificates of deposit	277,651	216,246
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2006 & 2005	55,187	57,024
Accrued interest receivable	9,233	3,298
Prepaid insurance	23,915	24,218
Total Current Assets	<u>424,391</u>	<u>340,517</u>
RESTRICTED ASSETS		
Certificates of deposit-bond indenture	107,621	96,315
Certificates of deposit-bond indenture-cash equivalent	2,734	15,644
Certificates of deposit-meter deposits	72,072	70,109
Cash - meter deposits	2,071	1,874
Total Restricted Assets	<u>184,498</u>	<u>183,942</u>
PROPERTY, PLANT, AND EQUIPMENT		
Furniture, fixtures, and equipment	98,472	33,289
Parking lot	20,500	20,500
Trucks	37,671	37,671
Water wells	206,931	206,931
Water tank	277,972	277,972
Distribution system	946,446	891,788
Fluoridation system	24,214	24,214
Plant and buildings	309,827	309,827
	<u>1,922,033</u>	<u>1,802,192</u>
Accumulated depreciation	<u>(1,098,210)</u>	<u>(1,044,690)</u>
	823,823	757,502
Construction in progress	7,289	-
Land	8,857	8,857
Net Property, Plant, and Equipment	<u>839,969</u>	<u>766,359</u>
TOTAL ASSETS	<u>\$ 1,448,858</u>	<u>\$ 1,290,818</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Balance Sheets (Continued)
As of April 30,

	<u>2006</u>	<u>2005</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 20,381	\$ 25,479
Payroll taxes payable	2,992	3,567
Accrued compensation	7,758	7,758
Total Current Liabilities	<u>31,131</u>	<u>36,804</u>
CURRENT LIABILITIES - PAYABLE FROM RESTRICTED ASSETS		
Accrued interest payable	7,771	9,272
Bonds payable	50,000	50,000
Meter deposits payable	74,143	71,983
Total Current Liabilities - Payable from Restricted Assets	<u>131,914</u>	<u>131,255</u>
LONG-TERM LIABILITIES		
Bonds payable	331,551	400,000
Less current maturity	(50,000)	(50,000)
Total Long-Term Liabilities	<u>281,551</u>	<u>350,000</u>
TOTAL LIABILITIES	<u>444,596</u>	<u>518,059</u>
NET ASSETS		
Investment in capital assets, net of related debt	508,418	366,359
Restricted for debt service	52,584	52,687
Unrestricted	443,260	353,713
Total Net Assets	<u>1,004,262</u>	<u>772,759</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,448,858</u>	<u>\$ 1,290,818</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA

Westlake, Louisiana

Statements of Revenues, Expenses, and Changes in Net Assets

For the Years Ended April 30,

	<u>2006</u>	<u>Percent</u>	<u>2005</u>	<u>Percent</u>
OPERATING REVENUES				
Water sales	\$ 507,756	93.4%	\$ 479,389	91.8%
Meter tap revenue	12,400	2.3%	16,000	3.1%
Service charges	3,263	0.6%	2,463	0.5%
Late charges/delinquent fees	20,494	3.8%	24,270	4.6%
Total Operating Revenues	<u>543,913</u>	<u>100.0%</u>	<u>522,122</u>	<u>100.0%</u>
OPERATING EXPENSES				
Salary - superintendent	63,887	11.7%	55,130	10.6%
Salary - office	49,685	9.1%	46,511	8.9%
Transmission labor	34,802	6.4%	29,569	5.7%
Contract labor	2,367	0.4%	3,915	0.7%
Insurance	67,926	12.5%	79,056	15.1%
Payroll taxes	9,855	1.8%	10,347	2.0%
Retirement benefit	6,823	1.3%	7,318	1.4%
Office supplies and postage	8,430	1.5%	8,916	1.7%
Meeting expense	3,960	0.7%	3,840	0.7%
Telephone	3,934	0.7%	4,692	0.9%
Utilities	33,451	6.2%	22,688	4.3%
Billing and meter reading	32,947	6.1%	28,747	5.5%
Truck expense	6,328	1.2%	7,239	1.4%
Maintenance and repairs	28,386	5.2%	23,897	4.6%
Chemicals and supplies	9,922	1.8%	9,659	1.8%
Depreciation	55,612	10.2%	51,073	9.8%
Legal and professional	7,065	1.3%	9,705	1.9%
Equipment rental	8,960	1.6%	8,140	1.6%
Interest expense	20,073	3.7%	23,474	4.5%
Miscellaneous	6,236	1.1%	2,142	0.4%
Bad debt expense	1,837	0.3%	1,023	0.2%
Total Operating Expenses	<u>462,486</u>	<u>85.0%</u>	<u>437,081</u>	<u>83.7%</u>
INCOME (LOSS) FROM OPERATIONS	<u>81,427</u>	<u>15.0%</u>	<u>85,041</u>	<u>16.3%</u>
NON-OPERATING REVENUES (EXPENSES)				
Grant proceeds	110,715	20.4%	107,794	20.6%
Interest income	17,692	3.3%	6,404	1.2%
Miscellaneous income	21,669	4.0%	9,855	1.9%
Gain/(loss) on asset disposal	-	0.0%	5,793	1.1%
Total Non-Operating Revenues (Expenses)	<u>150,076</u>	<u>27.6%</u>	<u>129,846</u>	<u>24.9%</u>
CHANGE IN NET ASSETS	<u>231,503</u>	<u>42.6%</u>	<u>214,887</u>	<u>41.2%</u>
NET ASSETS - BEGINNING OF YEAR	<u>772,759</u>		<u>557,872</u>	
NET ASSETS - END OF YEAR	<u>\$ 1,004,262</u>		<u>\$ 772,759</u>	

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA

Westlake, Louisiana

Statements of Cash Flows

For the Years Ended April 30,

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 539,815	\$ 511,977
Payments to suppliers	(298,639)	(253,127)
Payments to employees	(113,572)	(138,528)
Other	626	(1,452)
Net Cash Provided (Used) in Operating Activities	<u>128,230</u>	<u>118,870</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfer from (to) restricted assets	(13,269)	7,986
(Purchase) sale of investments	(61,405)	(43,913)
Interest earned	17,692	6,404
Other income	21,669	9,855
Net Cash Provided (Used) in Investing Activities	<u>(35,313)</u>	<u>(19,668)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(129,222)	(126,233)
Cash received from the sale of fixed assets	-	7,000
Principal bond payments	(68,449)	(74,447)
Grant proceeds	110,715	107,794
Net Cash (Used) in Capital and Related Financing Activities	<u>(86,956)</u>	<u>(85,886)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,961	13,316
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>57,249</u>	<u>43,933</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 63,210</u>	<u>\$ 57,249</u>
Cash and Cash Equivalents:		
Restricted - bond indenture	\$ 2,734	\$ 15,644
Restricted - meter deposits	2,071	1,874
Unrestricted	58,405	39,731
	<u>\$ 63,210</u>	<u>\$ 57,249</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT NO. 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Statements of Cash Flows (Continued)
For the Years Ended April 30,

	<u>2006</u>	<u>2005</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 81,427	\$ 85,041
Adjustments to reconcile net operating		
income to net cash provided by		
operating activities:		
Depreciation	55,612	51,073
(Increase) decrease in receivables	(4,098)	(12,012)
(Increase) decrease in prepaid expenses	303	(20,731)
Increase (decrease) in accounts payable	(5,098)	15,354
Increase (decrease) in payroll taxes	(575)	-
Increase (decrease) in accrued interest payable	(1,501)	(1,725)
Increase (decrease) in restricted refundable meter deposits	2,160	1,870
Total Adjustments	<u>46,803</u>	<u>33,829</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 128,230</u>	<u>\$ 118,870</u>

The accompanying notes are an integral part of the financial statements.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements
April 30, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies

Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, was created by ordinance of the Calcasieu Parish Police Jury in 1971. The District is governed by a board of five members who are appointed by the Calcasieu Parish Police Jury.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity

As more fully described in paragraph one above, the Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, is governed by a board appointed by the Calcasieu Parish Police Jury.

As the governing authority of the parish, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity for Calcasieu Parish. The financial reporting entity consists of: (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority, but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies (Continued):

Because the police jury appoints a voting majority of the District's board members, the District was determined to be a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the police jury, or the other governmental units that comprise the financial reporting entity.

Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, which is considered a separate accounting entity or enterprise fund. Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The District has implemented GASB Statement No. 34, "Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments".

The District uses the accrual basis of accounting. The revenues are recognized when they are earned, and expenses are recognized when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GASB Statement No. 20 states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The District has elected not to implement FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies (Continued):

The proprietary fund is accounted for on a cost of services or capital maintenance measurement focus, and all assets and liabilities (whether current or non-current) associated with its activity are included in the balance sheet.

Accounts Receivable

Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due (based on days since last payment). The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment to the allowance is considered at year end. Amounts charged-off that are subsequently recovered are recorded as income.

Property, Plant, Equipment, and Construction in Progress

Property, plant, and equipment is stated at historical cost. Expenditures for major renewals or betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of all exhaustible property, plant and equipment is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Furniture, fixtures, and equipment	3 – 10 years
Trucks	5 years
Water wells	10 – 50 years
Water tank	10 – 50 years
Distribution system	10 – 50 years
Plant and buildings	20 – 40 years
Land improvements	15 years

Depreciation amounted to \$55,612 and \$51,073 for the years ended April 30, 2006 and 2005, respectively.

Cash and Cash Equivalents

The District considers all unrestricted short-term investments with an original maturity of three months or less to be cash equivalents.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2006 and 2005

Note 1 - Summary of Significant Accounting Policies (Continued):

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption, errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice claims and judgments. Commercial insurance coverage is purchased for claims arising from such matters.

Note 2 - Bonds Payable

Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, issued \$1,000,000 of Revenue Bonds that were purchased by the Department of Housing and Urban Development. The interest rate on the bonds is 5 5/8%. The bonds are secured by a first lien on the net revenues derived from the ownership and operation of the water system.

The following is a summary of bond payable transactions of the District for the year ended April 30, 2006:

Outstanding at May 1, 2005	\$ 400,000
Bonds Retired	<u>(68,449)</u>
Outstanding at April 30, 2006	<u>\$ 331,551</u>

The annual requirements to amortize the bonds outstanding as of April 30, 2006 and 2005 follows:

<u>April 30, 2006</u> Year Ending <u>April 30,</u>	Principal	Interest	Totals
2007	\$ 50,000	\$ 19,688	\$ 69,688
2008	50,000	16,875	66,875
2009	50,000	14,064	64,064
2010	50,000	11,250	61,250
2011	50,000	8,438	58,438
2012-2013	<u>81,551</u>	<u>8,438</u>	<u>89,989</u>
	<u>\$ 331,551</u>	<u>\$ 78,753</u>	<u>\$ 410,304</u>

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2006 and 2005

Note 2 - Bonds Payable (Continued)

April 30, 2005 Year Ending April 30,	Principal	Interest	Totals
2006	\$ 50,000	\$ 22,500	\$ 72,500
2007	50,000	19,688	69,688
2008	50,000	16,875	66,875
2009	50,000	14,064	64,064
2010	50,000	11,250	61,250
2011-2013	150,000	16,876	166,876
	<u>\$ 400,000</u>	<u>\$ 101,253</u>	<u>\$ 501,253</u>

There were principal reductions of \$68,449 and \$74,447 on the outstanding bonds for the years ended April 30, 2006 and 2005, respectively.

Note 3 - Dedication of Revenue

The Borrower covenants and agrees that as soon as any portion of the project becomes revenue producing, all income derived from its operation or ownership shall be deposited to the credit of a special fund to be known as the "Water System Revenue Fund", to be kept separate and apart from all other funds. Such funds shall be maintained so long as any of the bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation, and shall be expended and used only in the manner and order specified below, all as permitted and defined by applicable statutes:

1. Current expenses of the system
2. Payments into the "Revenue Bond and Interest Sinking Fund" to cover the bond's current maturity of principal and interest.
3. Payments into the "Revenue Bond Reserve Fund" until such time as the funds shall equal \$65,401.
4. Payments to the "Replacement and Extension Fund" until the balance amounts to \$16,350. The purpose of the fund is to cover the costs of unusual or extraordinary maintenance, repairs, replacements, and extensions.
5. Subject to the foregoing, which are cumulative, any balance in the "Water System Revenue Fund" may be used for the purpose of acquiring for cancellation the outstanding Revenue Bonds.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Notes to Financial Statements (Continued)
April 30, 2006 and 2005

Note 4 - Meeting Expense

Members of the Board of Commissioners are currently paid a \$60 per diem allowance for attending board meetings. The total expenses for meetings during the current year and the prior year are as follows:

Member	April 30, 2006		April 30, 2005	
	Total Number Meetings	Expense	Total Number Meetings	Expense
Richard A. Hebert	14	\$ 840	14	\$ 840
Joey Glass	14	840	13	780
Warren Hicks	15	900	13	780
Kenneth Cochran	12	720	13	780
Mike Borel	11	660	11	660
		<u>\$ 3,960</u>		<u>\$ 3,840</u>

Note 5 - Accrued Vacation and Compensation

The District's liability for accumulated unpaid vacation and compensation as of April 30, 2006 and 2005, totaling \$7,758 and \$7,758, respectively, has been accrued at prevailing wage rates.

Note 6 - Retirement Benefits

The District implemented a Simplified Employee Pension Plan (SEPP) for its employees during the year ended April 30, 1987. This is a defined contribution plan. The District currently contributes 6% of the salary of qualifying full-time employees to this plan. The contribution for years 2006 and 2005 was \$6,823 and \$7,318, respectively.

Note 7 - Cash, Cash Equivalents, and Certificates of Deposit

At April 30, 2006, the District had cash, cash equivalents, and certificates of deposit (book balances) totaling \$520,554.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties. At April 30, 2006, the District had \$549,342 in deposits (collected bank balances). These deposits are secured from risk by \$189,264 of federal deposit insurance and \$520,410 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA

Westlake, Louisiana

Notes to Financial Statements (Continued)

April 30, 2006 and 2005

Note 7 - Cash, Cash Equivalents, and Certificates of Deposit (Continued)

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Note 8 - Restricted Assets

Restricted assets include monies set aside by the Board for bond indenture requirements and refundable meter deposits.

The composition of restricted cash and certificates of deposit is set forth below:

	2006	2005
Cash and Cash Equivalents	\$ 4,805	\$ 17,518
Certificates of Deposit	<u>179,693</u>	<u>166,424</u>
	<u>\$ 184,498</u>	<u>\$ 183,942</u>

Note 9 - Capital Assets

Capital asset activity for the year ended April 30, 2006 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Construction in Progress	\$ - 0 -	\$ 7,289	\$ - 0 -	\$ 7,289
Land	8,857	- 0 -	- 0 -	8,857
Capital Assets Being Depreciated:				
Plant and Distribution System	1,731,232	54,658	- 0 -	1,785,890
Furniture, Fixtures, & Equipment	<u>70,960</u>	<u>67,275</u>	<u>(2,092)</u>	<u>136,143</u>
Total Capital Assets being Depreciated	1,802,192	121,933	(2,092)	1,922,033
Less Accumulated Depreciation	<u>1,044,690</u>	<u>55,612</u>	<u>(2,092)</u>	<u>1,098,210</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>757,502</u>	<u>66,321</u>	<u>- 0 -</u>	<u>823,823</u>
Total Capital Assets, Net	<u>\$ 766,359</u>	<u>\$ 73,610</u>	<u>\$ - 0 -</u>	<u>\$ 839,969</u>

Note 10 - Cash Flow Information

Cash paid for interest for fiscal years ended April 30, 2006 and 2005 was \$21,574 and \$25,199 respectively.

Note 11- Prior Year Balances

Certain prior year amounts may have been reclassified to conform with current year presentation. Such reclassifications had no effect on previously reported total net assets.



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana
Westlake, Louisiana

We have audited the financial statements of the Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana, as of and for the year ended April 30, 2006, and have issued our report thereon October 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item B-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described is not a material weakness.

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Board of Commissioners
Waterworks District 4 of Ward 4
of Calcasieu Parish, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District 4 of Ward 4 of Calcasieu Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard & Company

Lake Charles, Louisiana
October 13, 2006

WATERWORKS DISTRICT 4 OF WARD 4 OF CALCASIEU PARISH, LOUISIANA
Westlake, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2006

A. Summary of Independent Auditor's Results:

1. Unqualified opinion on financial statements.
2. Reportable conditions in internal control - Refer to B-1.
3. No instances of noncompliance noted.

B. GAGAS Findings:

1. A proper segregation of duties is not feasible due to the small number of people involved in the District's day-to-day operations. Management has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. This is a repeat finding.